

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1042 - SB 1274

March 8, 2017

SUMMARY OF BILL: Authorizes any corporation, limited liability company, limited partnership, limited liability partnership, or other entity subject to the franchise and excise (F&E) tax, to claim a credit against the entity's F&E tax liability equal to the amount of occupational privilege tax paid by the entity's qualified owner. Defines a qualified owner as any natural person who, directly or indirectly, has more than an 80 percent ownership interest in any such entity.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$2,000,000

Assumptions:

- Based on information provided by the Department of Revenue, it is estimated that entities subject to the F&E tax will be able to claim a tax credit against their F&E tax liability for approximately 5,000 qualified owners who are subject to the annual occupational privilege tax of \$400.
- The resulting recurring decrease in state revenue is estimated to be \$2,000,000 (5,000 x \$400).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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